UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

DK CROWN HOLDINGS INC. (FORMERLY DRAFTKINGS, INC.),
A DELAWARE CORPORATION,
Petitioner,

v.

DIOGENES LIMITED,
Patent Owner.

IPR2023-00268
U. S. Patent Number 11,200,779
Attorney Docket No.: 087764.0109

PETITIONER'S REQUEST FOR DIRECTOR REVIEW

In a rare split decision, the Board denied institution of *inter partes* review of claims 1-3, 5-10, 16-18, and 21-25 of U.S. Patent No. 11,200,779 B2. *See* Ex. 1001 ("the '779 Patent"); *see also* Paper 9 (the "Decision" or "Dec."). The denial of institution relied solely on an attenuated construction of the plain and ordinary term "continuously." The Majority's surprise, *sua sponte* construction fails to follow the basic tenets of patent law and was fairly criticized by APJ Saindon. The Majority abused its discretion by: (1) improperly importing claim limitations to avoid prior art; (2) construing "continuously" such that independent claim 1 is narrower than one of its dependent claims and an element of that dependent claim is rendered superfluous; and (3) characterizing the prior art inaccurately and contrary to its disclosure. This petition relies upon both the arguments presented in the Dissent, which would have instituted review, as well as additional arguments as to why the Majority's decision was an abuse of discretion. DK Crown Holdings Inc. ("Petitioner") respectfully requests Director Review for the reasons set forth herein.

I. LEGAL STANDARD

"Requests for Director Review of the Board's decision whether to institute an AIA trial … shall be limited to decisions presenting (a) an abuse of discretion or (b) important issues of law or policy." *See* USPTO, Revised Interim Director Review Process at 2.B, Availability of Director Review: AIA Trial Proceedings (last modified July 25, 2023), https://www.uspto.gov/patents/ptab/decisions/revised-

interim-director-review-process. "'An abuse of discretion is found if [a] decision: (1) is clearly unreasonable, arbitrary, or fanciful; (2) is based on an erroneous conclusion of law; (3) rests on clearly erroneous fact finding; or (4) involves a record that contains no evidence on which the Board could rationally base its decision.'" *Intelligent Bio-Sys., Inc. v. Illumina Cambridge Ltd.*, 821 F.3d 1359, 1367 (Fed. Cir. 2016) (quoting *Bilstad v. Wakalopulos*, 386 F.3d 1116, 1121 (Fed. Cir. 2004) (citations omitted)).

II. BACKGROUND

The '779 Patent describes a system for "cashing out" a wager before the event being wagered upon ends. Paper 2 ("Petition" or "Pet."), 11. Claim 1 of the '799 patent is not limited to any particular type of wagering event and, therefore, encompasses at least those disclosed in the specification, including poker, slot, and keno games. The Scott reference relied upon by Petitioner describes this same kind of "cashing out" functionality in the context of "slot type games, poker type games, keno games, bingo games, or other games" and is presented here as the primary reference under both anticipation and obviousness. *See* Pet., 23-28. The Scott reference was distinguished by the Majority solely because it allegedly did not perform certain steps "continuously." Dec. (Majority), 19.

Petitioner filed a Petition for *inter partes* review of claims 1-3, 5-10, 16-18, and 21-25 (the "challenged claims") of the '779 Patent. Pet., 20. Petitioner

contended that all challenged claims were unpatentable as anticipated by Scott or obvious over Scott in view of the general knowledge of a POSITA. *Id.*

Independent claim 1, which is illustrative of the challenged claims, recites in relevant part:

> ***continuously*** retrieve, by the system controller, data in real time related to a progress of the wagering event;
>
> recalculate, by the system controller, the wager information in real time based on the ***continuously*** retrieved data;
>
> ***continuously*** evaluate, by the system controller, the recalculated wager information;

Ex. 1001, 51:28-34,[1] 54:21-26. The specification of the '799 does not provide for any special meaning of the term "continuously" and must be given its plain and ordinary meaning under all applicable patent law.

The Board's split decision "turn[ed] on the interpretation of 'continuously,'" as used in the challenged claims. Dec. (Majority), 10. Indeed, whereas the Majority found that Petitioner failed to establish a reasonable likelihood of success under the Majority's construction of "continuously," the Dissent found that "[u]nder my preliminary construction, Petitioner would have established a reasonable likelihood of success, and I would institute." *See* Dec. (Majority), 12-19; *see also* Dec. (Dissent), 2.

[1] Emphasis added here and hereinafter unless otherwise stated.

On the one hand, the Majority "interpret[ed] 'continuously' performing a task to exclude performing that task at discrete time points" and as requiring those tasks to be performed at "the speed at which the computer can operate." Dec. (Majority), 10, 15. This construction focused on Patent Owner's arguments that "'continuously' means 'ongoing at all times'" and that "'any break in retrieving data related to a progress of the wagering event is not continuous retrieval as claimed.'" Dec. (Majority), 13-14 (citing Ex. 2001 ¶ 89 & Ex. 2001 ¶ 99). It also focused on language in the '779 patent that "distinguishes between continuously performing a task and doing so at discrete time points"—specifically, the statement that a task can be performed "at certain discrete ***time points*** of a wagering event (*e.g.*, ***halftime*** of a sporting event) or it may continuously evaluate the wagering event and incoming wagers and make multiple determinations in real time." Dec. (Majority), 14; Ex. 1001, 17:52-57.

Applying this construction, the Majority found that the Petition failed to demonstrate a reasonable likelihood of success on the "continuously" limitations quoted above. The Majority misinterpreted Scott's disclosure and misunderstood Petitioner's arguments as identifying a process that "waits," "sits idle," or "pauses" when a cash out offer is presented simply because Scott discloses, and Petitioner points to, a process that retrieves information as each playing card or symbol is revealed. Dec. (Majority), 14-16. Notwithstanding that this information is being

retrieved as fast as events actually occur, the Majority found this insufficient to satisfy the "continuously" limitations. *Id.* The Majority also concluded that the "continuously" limitations apply only to "live" wagering events, to the exclusion of the '779's express disclosure that "'continuous' data retrieval is required for actions to occur 'in real time' only for…live wagering events," such as poker, slots, keno, and bingo. *Id.* at 17.

On the other hand, the Dissent found that the Majority's construction of "continuously" improperly "incorporates limitations not found in the claims and takes a specific, narrow example from the specification and turns it into a broad, general prohibition that is not consistent with the claims or specification." Dec. (Dissent), 2. The Dissent disagreed with the Majority's taking of "the specification's single example … of a clearly not-in-real-time time point," *i.e.*, "halftime" of a sporting event, and broaden[ing it] into a blanket prohibition on ***all*** discrete time-based evaluations" that "check[] for specified discrete events at discrete points in time." Dec. (Dissent), 4. The Dissent explained that "if one considers the context of how a computer system would perform the claims … everything can be broken down into discrete events or discrete time points," and that, in the real world, "[e]very action occurs at a discrete point in time." Dec. (Dissent), 4.

The Dissent would have preliminarily construed "continuously" as meaning "repeating at a rate that provides for the claimed real-time capabilities," which is

something less that "requiring the computer to retrieve data at 'the speed at which the computer can operate.'" Dec. (Dissent), 4-5. The Dissent found that these "real-time" capabilities "would naturally vary based on the nature of the wagering event," rather than based on "the speed at which the computer can operate," particularly considering that that the latter "would be difficult or impossible to measure" *Id.* at 4-5. The Dissent also saw no need to limit "continuously" to "only work on 'live' wagering events," as the Majority found. *Id.* at 4-5.

Applying this construction, the Dissent found that Petitioner showed a reasonable likelihood that Scott discloses or suggests the "continuously" limitations because it retrieves information "as information is gleaned from the cards" (*i.e.*, "at a rate sufficient to achieve real time data collection"). Dec. (Dissent), 5, 7.

III. ARGUMENT

Petitioner respectfully requests Director Review of this split decision because the Majority's decision was an abuse of discretion where it: (1) did not apply the proper plain and ordinary meaning of "continuously" and, instead, misread the '779 Patent's disclosure to improperly read limitations into the claims; (2) erroneously limited "continuously" to apply only to "live" such that dependent claim 3, which recites both "live" and "recorded" events, either (a) is broader than its parent or (b) includes superfluous language; and/or (3) failed to provide any factual basis for the finding that the prior art "waits," "sits idle," or "pauses" at certain steps.

A. The Majority Improperly Reads All Discrete Time Points Out of the Claims, Despite That Every Action Occurs at A Discrete Point In Time

Although the '779 Patent contrasts performing a task at "certain discrete time points" and "continuously," it expressly states that performing a task "as each event result occurs" within the wagering event is "continuously" performing that task. *See* Ex. 1001 at 11:5-10 ("The Pool Collations 540 routine calculates and ***continuously*** recalculates the odds ***as each bet is placed and accepted, and as each event result occurs*** within the pool, so as to determine the odds with respect to each remaining active ticket within the pol bet."). Scott parallels this disclosure of "continuously" performing a task from the '779 Patent by disclosing that the tasks are performed as each event occurs during the wagering event, such as "as each individual playing card or slot symbol is revealed." Pet., 39. Petitioner and its expert articulated this same parallel disclosure to the Board, but the Majority overlooked it. *See* Ex. 1007, ¶ 96 (citing and explaining '779 Patent at 11:5-10).

The Majority also overlooked the fact that, when the '779 Patent contrasts performing a task at "certain discrete time points" and "continuously," it does so only as to "certain" discrete "time" points, like the singular and predetermined or scheduled "half***time***" of a sporting event Ex. 1001, 17:52-57 ("The server system may make this determination…at ***certain discrete time points*** of a wagering event (e.g., halftime of a sporting event) or it may continuously evaluate the wagering

event and incoming wagers and make multiple determinations in real time."); c*f.* Dec. (Dissent), 3 ("The only new information provided here is a counterexample that a determination at a *discrete time point of an event such as halftime* is not a continuous determination in real time.") (italics in original). The Majority's analysis of this language lacks any explanation or rationale of how retrieving information "as each individual playing card or slot symbol is revealed," as disclosed in Scott, fits within the "***certain*** discrete ***time*** points" that the '779 Patent distinguishes from "continuously." *Cf.* Dec. (Dissent), 2 ("I do not agree with this construction because, in my view, it incorporates limitations not found in the claims and takes a specific, narrow example from the specification and turns it into a broad, general prohibition that is not constituent with the claims or specification."), *id.* at 4 ("I do not agree with the Majority that the specification's single example here of a clearly not-in-real-time time point could be broadened into a blanket prohibition on all discrete time-based evaluations.").

The Majority's oversight and misapplication of these portions of the '779 Patent's disclosure resulted in material error. The Majority excluded from the claims performance of a task at ***any*** discrete times, despite that the '779 Patent only excludes "***certain*** discrete ***time*** points" and otherwise describes "continuous" as being performed as "each bet is placed and accepted, and as each event result occurs," just as it occurs in Scott. Ex. 1001 11:5-10, 17-52-57.

Scott's exemplary "keno" game illustrates the materiality of this error. As discussed in more detail in § III.C below, the Majority misinterpreted Scott to require "waiting" for the user to accept or reject a cash out offer. But there is no "waiting" in keno. There, numbers are "revealed" to all participants simultaneously, without regard to whether any particular participant has a cash out offer outstanding. EX[1006] ¶36. Scott thus discloses "continuously" checking for keno numbers to be revealed and updating the game odds as each "event result" occurs, just as described in the '779 Patent. The Majority's construction of "continuously" ignores this example. Director Review should be granted for this reason alone.

B. The Majority Violates Basic Tenets of Patent Law by Limiting "Continuously" to Only "Live" Events to Distinguish over Scott

Limiting "continuously" to only "live" events, as the Majority does (*see* Dec. (Majority), 17), violates basic tenets of patent law by rendering dependent claim 3 broader than its parent claim or, in the alternative, rendering limitations of in dependent claim 3 superfluous. Claim 3 expressly recites that wagering events include both "live" events and "pre-recorded" events. Thus, to read independent claim 1 as limited to "live" events would necessarily require that claim 1 is narrower than dependent claim 3. But "[b]y definition, an independent claim is broader than a claim that depends from it." *Littelfuse, Inc. v. Mersen USA EP Corp.*, 29 F.4th 1376, 1380 (Fed. Cir. 2022) (citing *Baxalta Inc. v. Genentech, Inc.*, 972 F.3d 1341, 1346 (Fed. Cir. 2020)). Alternatively, claim 3's separate and unambiguous

recitation of "live" events is rendered superfluous, which also cannot be correct. *See, e.g.*, *Stumbo v. Eastman Outdoors, Inc.*, 508 F.3d 1358, 1362 (Fed. Cir. 2007) (denouncing claim constructions that render phrases in claims superfluous)).

Despite (or because of) its own admonition that "reading recited terms out of claims is improper" (Dec. (Majority), 19), the Majority attempts to avoid the fact that Scott discloses the same types of games recited in dependent claim 3 (*e.g.*, poker, slots, and keno) by claiming "[t]here is a difference between '***live'*** wagering events (including live poker, slots, and keno games)" and "***electronic*** wagering games such as poker games, card games, slot games, keno games, and bingo games" (*id.* at 17). But dependent claim 3 expressly recites both "live" wagering events (*e.g.*, "live events" and "real games") and "electronic" wagering events (*e.g.*, "virtual games" and "pre-recorded events"). Noticeably missing from independent claim 1, however, is language limiting the claimed "wagering event" to either. Yet, the Majority departs from the plain and ordinary meaning of the term "continuously" and reads this limitation into it solely to distinguish over Scott.

To this end, the Majority incorrectly concluded that claim 3's recitation of "poker, slots, and keno" had "no relevant significance" to its finding that Scott fails to disclose the "continuously" limitations. Dec. (Majority), 17. This, along with the Majority's disregard for basic tenets of claim construction, were clear error and constitute yet another, separate reason for the Director to review the decision.

C. The Majority's Theory About "Waiting" and "Pausing" In Scott Lacks Any Factual Basis and Misapprehends the Petition

The Majority erred by relying on a "waiting"/"pausing" theory that was fabricated from whole cloth by Patent Owner and is inconsistent with both Scott's disclosures and the arguments in the Petition. Scott does not disclose, or even suggest, "waiting" or "pausing" a wagering event after presenting a cash out offer. *See* Ex. 1006. Instead, Scott's "calculation of the current cash value is done ***continuously*** throughout the wagering game because it is presented ***as the cards are displayed*** or until the player takes the buyout," as the Dissent correctly observes. Dec. (Dissent), 6-7.

The only citations given by the Majority in connection with its "waiting" and "pausing" theory are to a single paragraph and figure of Scott. *See* Dec. (Majority), 17-18 (citing Ex. 1006, ¶ 75, Fig. 4), 19 (same). But that cited paragraph, which acknowledges that a user can "accept" or "decline" the "current cash value," must be read in the appropriate context. That context includes Scott's stated goal of providing a "dynamic" and "animated presentation which may be engaging to players" (Pet. 39 (quoting Ex. 1006, ¶¶ [0065], [0067]), which it achieves by retrieving information as fast as the underlying game allows (*i.e.*, "as information is gleaned from the cards") (Dec. (Dissent), 7), rather than by "waiting" or "pausing."

For example, the cited paragraph of Scott plainly states that, at Step 432 of its disclosed process, a player may accept the current cash value or "***continue*** to play

the game without accepting," such that the process of calculating the current cash value "may ***continue*** with newly presented game symbols ***until the game is over***." Ex. 1006, ¶¶ [0075], [0081], Fig. 4; *see also* Pet. 24-26. That is, there is no "waiting" or "pausing" for the user to accept the buyout. The game simply "continue[s]" without interruption.

Similarly, when describing Figs. 3A-3C (which show the "animated presentation" referenced above), Scott states that "a 'decline' button ***could*** be provided in some embodiments," such that "the player ***may be*** required to accept or decline the current cash value before the game will continue," which "brings attention to the current cash value." Ex. 1006 ¶ 64. But critically, that feature is "***optional***," whereas "[***i***]***n typical embodiments***, the value engine will present ***current*** cash values and ***the game may proceed*** according to its rules, unless the player engages an 'accept' button[.]" *Id*. Thus, Scott does not require "waiting" or "pausing" when the cash value offer is presented and, instead, teaches that, in the more "typical embodiment," the value engine simply continues to calculate "current cash values" as the game proceeds, unless a player accepts one of those continuously calculated values.

Rather than rely on disclosures like this one from Scott, the Majority largely relies on Patent Owner's submissions to repeatedly distinguish between what it refers to as "waiting" or "pausing" in Scott and retrieving information

"continuously" in the '779 Patent. *See*, *e.g.*, Dec. (Majority), 15 ("upon presentation of a game symbol to a player after ***awaiting*** acceptance or rejection of a current cash value offer in Scott"), 17 ("computer that ***pauses*** the wagering event to present a cash out offer to the player, as in Scott"), 17-18 ("The system then ***waits*** for the player to accept or reject the current cash value (step 432)") (citing Ex. 1006, ¶ 75, Fig. 4), 18 ("During this '***waiting***' time of step 432, no data related to a progress of the wagering event is retrieved."), ("Instead, it ***awaits*** a player's acceptance or rejection of the current cash value."). The Majority also misapprehends and misstates the Petition in support of its position that Scott does "*not* retriev[e] the ***Petitioner-defined*** data related to a progress of the wagering event at step 432." Dec. (Majority), 18 (italics in original). In this regard, the majority states that "Petitioner maps ***only*** the player's current game symbols or indicia" to the recited data "related to a progress of the wagering event." Dec. (Majority), 18 (citing Pet. 38, 42). This is incorrect. Instead, the Petition states that the information" in Scott "may include, for example information ***'identifying the game symbols or indicia the player currently has, the odds the player will win (or lose), the amount the player has wagered,' 'cards symbols remaining to be dealt, credits remaining, and other information related to a wagering game***.'" Pet. 38-39; *see also* Pet. 42 ("[A]s was demonstrated above with respect to limitation 1[e], the 'continuously retrieved data' ***includes*** the players symbols or game indicia.").

Further demonstrating that the Petition's mapping was broader than the Majority stated (and that Scott does not only retrieve data when new symbols are presented), the Petition discussed Scott's disclosure of the "advantage[es]" of retrieving information regarding "various events," including those "that occur during a wagering game [that] may change the odds or other characteristics of a game without changing the game symbols or indicia." Ex. 1006, ¶ [0036]; *see also*, *e.g.*, Ex. 1007, ¶ 97. Continuously retrieving and processing all such information is how Scott achieves its stated goal of providing a "dynamic" and "animated presentation which may be engaging to players." *See* Pet. 39 (quoting Ex. 1006, ¶¶ [0065], [0067]; *see also* Ex. 1007, ¶ 99 (explaining how a POSITA would have understood Scott's processes as being continuous and in real time). That is, Scott has no reason to "wait" or "pause" the game because it would make the game static and slow, contrary to its stated purpose.

Therefore, Director Review should be initiated on this issue alone because the Majority lacks any rational factual basis for its findings.

IV. CONCLUSION

For the reasons set forth herein, individually and cumulatively, Petitioner respectfully requests Director Review of the Majority's decision.

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Respectfully submitted,

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CERTIFICATE OF SERVICE

In accordance with 37 C.F.R. §§42.6(e) and 42.105, the undersigned certifies that on September 11, 2023, a complete and entire copy of the foregoing was served on counsel for Patent Owner as follows:

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